

CITY OF LANGLEY
Island County, Washington
January 1, 1994 Through December 31, 1994

Schedule Of Findings

1. The City Officials Should Not Allow Funds To Have A Deficit Net Cash And Investment Balance

Our audit of ending cash and investment balances revealed that the city officials allowed two funds to have deficit net cash and investment balances at December 31, 1994. The funds and the ending deficit net cash and investment balances follow:

| <u>Fund</u> | <u>Amount</u> |
|--------------------|---------------|
| General Government | \$ (8,466) |
| Cemetery | (13,314) |

The operations of these funds with deficit cash balances essentially constitutes loans to these funds from other funds of the city without payment of interest.

RCW 43.09.210 states in part:

. . . no department, public improvement, undertaking, institution, or public service industry shall benefit in any financial manner whatever by an appropriation or fund made for the support of another.

The deficit cash balance in the general government fund occurred due to inadequate monitoring of cash and the correction of a 1993 posting error in late 1994. The deficit balance in the cemetery fund is due in part to insufficient revenue to cover maintenance costs.

We recommend that city officials monitor individual fund cash requirements and make an interfund loan or operating transfer as appropriate when necessary to finance deficits.